

I certify that the attached is a true and correct copy of HJR 4, which was filed of record on 6.30.81 and referred to the committee on: Constitutional Amend.

Betty Murray
Chief Clerk of the House

FILED JUN 30 1981

By *G. Hill - Schuster*

H.J.R. No. 4

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the issuance of
2 additional bonds or obligations of the state for the veterans' land
3 fund.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article III, Section 49-b, of the Texas
6 Constitution be amended to read as follows:

7 Sec. 49-b. By virtue of prior Amendments to this
8 Constitution, there has been created a governmental agency of the
9 State of Texas performing governmental duties which has been
10 designated the Veterans' Land Board. Said Board shall continue to
11 function for the purposes specified in all of the prior
12 Constitutional Amendments except as modified herein. Said Board
13 shall be composed of the Commissioner of the General Land Office
14 and two (2) citizens of the State of Texas, one (1) of whom shall
15 be well versed in veterans' affairs and one (1) of whom shall be
16 well versed in finances. One (1) such citizen member shall, with
17 the advice and consent of the Senate, be appointed biennially by
18 the Governor to serve for a term of four (4) years; but the members
19 serving on said Board on the date of adoption hereof shall complete
20 the terms to which they were appointed. In the event of the
21 resignation or death of any such citizen member, the Governor shall
22 appoint a replacement to serve for the unexpired portion of the
23 term to which the deceased or resigning member had been appointed.
24 The compensation for said citizen members shall be as is now or may

1 hereafter be fixed by the Legislature; and each shall make bond in
2 such amount as is now or may hereafter be prescribed by the
3 Legislature.

4 The Commissioner of the General Land Office shall act as
5 Chairman of said Board and shall be the administrator of the
6 Veterans' Land Program under such terms and restrictions as are now
7 or may hereafter be provided by law. In the absence or illness of
8 said Commissioner, the Chief Clerk of the General Land Office shall
9 be the Acting Chairman of said Board with the same duties and
10 powers that said Commissioner would have if present.

11 The Veterans' Land Board may provide for, issue and sell not
12 to exceed Nine Hundred and Fifty Million Dollars (\$950,000,000)
13 [~~Seven---Hundred---Millien---Dollars--(\$700,000,000)~~] in bonds or
14 obligations of the State of Texas for the purpose of creating a
15 fund to be known as the Veterans' Land Fund, Seven Hundred Million
16 Dollars (\$700,000,000) [~~Five----Hundred----Millien----Dollars~~
17 ~~(\$500,000,000)~~] of which have heretofore been authorized. Such
18 bonds or obligations shall be sold for not less than par value and
19 accrued interest; shall be issued in such forms, denominations, and
20 upon such terms as are now or may hereafter be provided by law;
21 shall be issued and sold at such times, at such places, and in such
22 installments as may be determined by said Board; and shall bear a
23 rate or rates of interest as may be fixed by said Board but the
24 weighted average annual interest rate, as that phrase is commonly
25 and ordinarily used and understood in the municipal bond market, of
26 all the bonds issued and sold in any installment of any bonds may
27 not exceed the rate specified in Section 65 of this Article. All

1 bonds or obligations issued and sold hereunder shall, after
2 execution by the Board, approval by the Attorney General of Texas,
3 registration by the Comptroller of Public Accounts of the State of
4 Texas, and delivery to the purchaser or purchasers, be
5 incontestable and shall constitute general obligations of the State
6 of Texas under the Constitution of Texas; and all bonds heretofore
7 issued and sold by said Board are hereby in all respects validated
8 and declared to be general obligations of the State of Texas. In
9 order to prevent default in the payment of principal or interest on
10 any such bonds, the Legislature shall appropriate a sufficient
11 amount to pay the same.

12 In the sale of any such bonds or obligations, a preferential
13 right of purchase shall be given to the administrators of the
14 various Teacher Retirement Funds, the Permanent University Funds,
15 and the Permanent School Funds.

16 Said Veterans' Land Fund shall consist of any lands
17 heretofore or hereafter purchased by said Board, until the sale
18 price therefor, together with any interest and penalties due, have
19 been received by said Board (although nothing herein shall be
20 construed to prevent said Board from accepting full payment for a
21 portion of any tract), and of the moneys attributable to any bonds
22 heretofore or hereafter issued and sold by said Board which moneys
23 so attributable shall include but shall not be limited to the
24 proceeds from the issuance and sale of such bonds; the moneys
25 received from the sale or resale of any lands, or rights therein,
26 purchased with such proceeds; the moneys received from the sale or
27 resale of any lands, or rights therein, purchased with other moneys

1 attributable to such bonds; the interest and penalties received
2 from the sale or resale of such lands, or rights therein; the
3 bonuses, income, rents, royalties, and any other pecuniary benefit
4 received by said Board from any such lands; sums received by way of
5 indemnity or forfeiture for the failure of any bidder for the
6 purchase of any such bonds to comply with his bid and accept and
7 pay for such bonds or for the failure of any bidder for the
8 purchase of any lands comprising a part of said Fund to comply with
9 his bid and accept and pay for any such lands; and interest
10 received from investments of any such moneys. The principal and
11 interest on the bonds heretofore and hereafter issued by said Board
12 shall be paid out of the moneys of said Fund in conformance with
13 the Constitutional provisions authorizing such bonds; but the
14 moneys of said Fund which are not immediately committed to the
15 payment of principal and interest on such bonds, the purchase of
16 lands as herein provided, or the payment of expenses as herein
17 provided may be invested in bonds or obligations of the United
18 States until such funds are needed for such purposes.

19 All moneys comprising a part of said Fund and not expended
20 for the purposes herein provided shall be a part of said Fund until
21 there are sufficient moneys therein to retire fully all of the
22 bonds heretofore or hereafter issued and sold by said Board, at
23 which time all such moneys remaining in said Fund, except such
24 portion thereof as may be necessary to retire all such bonds which
25 portion shall be set aside and retained in said Fund for the
26 purpose of retiring all such bonds, shall be deposited to the
27 credit of the General Revenue Fund to be appropriated to such

2 62 3

1 purposes as may be prescribed by law. All moneys becoming a part
2 of said Fund thereafter shall likewise be deposited to the credit
3 of the General Revenue Fund.

4 When a Division of said Fund (each Division consisting of the
5 moneys attributable to the bonds issued and sold pursuant to a
6 single Constitutional authorization and the lands purchased
7 therewith) contains sufficient moneys to retire all of the bonds
8 secured by such Division, the moneys thereof, except such portion
9 as may be needed to retire all of the bonds secured by such
10 Division which portion shall be set aside and remain a part of such
11 Division for the purpose of retiring all such bonds, may be used
12 for the purpose of paying the principal and the interest thereon,
13 together with the expenses herein authorized, of any other bonds
14 heretofore or hereafter issued and sold by said Board. Such use
15 shall be a matter for the discretion and direction of said Board;
16 but there may be no such use of any such moneys contrary to the
17 rights of any holder of any of the bonds issued and sold by said
18 Board or violative of any contract to which said Board is a party.

19 The Veterans' Land Fund shall be used by said Board for the
20 purpose of purchasing lands situated in the State of Texas owned by
21 the United States or any governmental agency thereof, owned by the
22 Texas Prison System or any other governmental agency of the State
23 of Texas, or owned by any person, firm, or corporation. All lands
24 thus purchased shall be acquired at the lowest price obtainable, to
25 be paid for in cash, and shall be a part of said Fund. Such lands
26 heretofore or hereafter purchased and comprising a part of said
27 Fund are hereby declared to be held for a governmental purpose,

1 although the individual purchasers thereof shall be subject to
2 taxation to the same extent and in the same manner as are
3 purchasers of lands dedicated to the Permanent Free Public School
4 Fund.

5 The lands of the Veterans' Land Fund shall be sold by said
6 Board in such quantities, on such terms, at such prices, at such
7 rates of interest and under such rules and regulations as are now
8 or may hereafter be provided by law to veterans who served not less
9 than ninety (90) continuous days, unless sooner discharged by
10 reason of a service-connected disability, on active duty in the
11 Army, Navy, Air Force, Coast Guard or Marine Corps of the United
12 States after September 16, 1940, and who, upon the date of filing
13 his or her application to purchase any such land is a citizen of
14 the United States, is a bona fide resident of the State of Texas,
15 and has not been dishonorably discharged from any branch of the
16 Armed Forces above-named and who at the time of his or her
17 enlistment, induction, commissioning, or drafting was a bona fide
18 resident of the State of Texas, or who has resided in Texas at
19 least five (5) years prior to the date of filing his or her
20 application, and provided that in the event of the death of an
21 eligible Texas Veteran after the veteran has filed with the Board
22 an application and contract of sale to purchase through the Board
23 the tract selected by him or her and before the purchase has been
24 completed, then the surviving spouse may complete the transaction.
25 The unmarried surviving spouses of veterans who died in the line of
26 duty may also apply to purchase a tract through the Board provided
27 the deceased veterans meet the requirements set out in this Article

with the exception that the deceased veterans need not have served ninety (90) continuous days and provided further that the deceased veterans were bona fide residents of the State of Texas at the time of enlistment, induction, commissioning, or drafting. The foregoing notwithstanding, any lands in the Veterans' Land Fund which have been first offered for sale to veterans and which have not been sold may be sold or resold to such purchasers, in such quantities, and on such terms, and at such prices and rates of interest, and under such rules and regulations as are now or may hereafter be provided by law.

Said Veterans' Land Fund, to the extent of the moneys attributable to any bonds hereafter issued and sold by said Board may be used by said Board, as is now or may hereafter be provided by law, for the purpose of paying the expenses of surveying, monumenting, road construction, legal fees, recordation fees, advertising and other like costs necessary or incidental to the purchase and sale, or resale, of any lands purchased with any of the moneys attributable to such additional bonds, such expenses to be added to the price of such lands when sold, or resold, by said Board; for the purpose of paying the expenses of issuing, selling, and delivering any such additional bonds; and for the purpose of meeting the expenses of paying the interest or principal due or to become due on any such additional bonds.

All of the moneys attributable to any series of bonds hereafter issued and sold by said Board (a "series of bonds" being all of the bonds issued and sold in a single transaction as a single installment of bonds) may be used for the purchase of lands

as herein provided, to be sold as herein provided, for a period ending eight (8) years after the date of sale of such series of bonds; provided, however, that so much of such moneys as may be necessary to pay interest on bonds hereafter issued and sold shall be set aside for that purpose in accordance with the resolution adopted by said Board authorizing the issuance and sale of such series of bonds. After such eight (8) year period, all of such moneys shall be set aside for the retirement of any bonds hereafter issued and sold and to pay interest thereon, together with any expenses as provided herein, in accordance with the resolution or resolutions authorizing the issuance and sale of such additional bonds, until there are sufficient moneys to retire all of the bonds hereafter issued and sold, at which time all such moneys then remaining a part of said Veterans' Land Fund and thereafter becoming a part of said Fund shall be governed as elsewhere provided herein.

This Amendment being intended only to establish a basic framework and not to be a comprehensive treatment of the Veterans' Land Program, there is hereby reposed in the Legislature full power to implement and effectuate the design and objects of this Amendment, including the power to delegate such duties, responsibilities, functions, and authority to the Veterans' Land Board as it believes necessary.

Should the Legislature enact any enabling laws in anticipation of this Amendment, no such law shall be void by reason of its anticipatory nature.

~~[This Amendment shall become effective upon its adoption.]~~

1 SECTION 2. This proposed constitutional amendment shall be
2 submitted to the voters at an election to be held on November 3,
3 1981. The ballot shall be printed to provide for voting for or
4 against the proposition: "The constitutional amendment authorizing
5 the issuance of additional bonds to finance the veterans' land
6 program."

HOUSE COMMITTEE REPORT

1ST PRINTING

By Hill of Travis, et al.

H.J.R. No. 4

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the issuance of
2 additional bonds or obligations of the state for the veterans' land
3 fund.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article III, Section 49-b, of the Texas
6 Constitution be amended to read as follows:

7 Sec. 49-b. By virtue of prior Amendments to this
8 Constitution, there has been created a governmental agency of the
9 State of Texas performing governmental duties which has been
10 designated the Veterans' Land Board. Said Board shall continue to
11 function for the purposes specified in all of the prior
12 Constitutional Amendments except as modified herein. Said Board
13 shall be composed of the Commissioner of the General Land Office
14 and two (2) citizens of the State of Texas, one (1) of whom shall
15 be well versed in veterans' affairs and one (1) of whom shall be
16 well versed in finances. One (1) such citizen member shall, with
17 the advice and consent of the Senate, be appointed biennially by
18 the Governor to serve for a term of four (4) years; but the members
19 serving on said Board on the date of adoption hereof shall complete
20 the terms to which they were appointed. In the event of the
21 resignation or death of any such citizen member, the Governor shall
22 appoint a replacement to serve for the unexpired portion of the
23 term to which the deceased or resigning member had been appointed.
24 The compensation for said citizen members shall be as is now or may

hereafter be fixed by the Legislature; and each shall make bond in such amount as is now or may hereafter be prescribed by the Legislature.

The Commissioner of the General Land Office shall act as Chairman of said Board and shall be the administrator of the Veterans' Land Program under such terms and restrictions as are now or may hereafter be provided by law. In the absence or illness of said Commissioner, the Chief Clerk of the General Land Office shall be the Acting Chairman of said Board with the same duties and powers that said Commissioner would have if present.

The Veterans' Land Board may provide for, issue and sell not to exceed Nine Hundred and Fifty Million Dollars (\$950,000,000) [~~Seven---Hundred---Millien--Dollars--(\$700,000,000)~~] in bonds or obligations of the State of Texas for the purpose of creating a fund to be known as the Veterans' Land Fund, Seven Hundred Million Dollars (\$700,000,000) [~~Five----Hundred----Millien----Dollars (\$500,000,000)~~] of which have heretofore been authorized. Such bonds or obligations shall be sold for not less than par value and accrued interest; shall be issued in such forms, denominations, and upon such terms as are now or may hereafter be provided by law; shall be issued and sold at such times, at such places, and in such installments as may be determined by said Board; and shall bear a rate or rates of interest as may be fixed by said Board but the weighted average annual interest rate, as that phrase is commonly and ordinarily used and understood in the municipal bond market, of all the bonds issued and sold in any installment of any bonds may not exceed the rate specified in Section 65 of this Article. All

1 bonds or obligations issued and sold hereunder shall, after
2 execution by the Board, approval by the Attorney General of Texas,
3 registration by the Comptroller of Public Accounts of the State of
4 Texas, and delivery to the purchaser or purchasers, be
5 incontestable and shall constitute general obligations of the State
6 of Texas under the Constitution of Texas; and all bonds heretofore
7 issued and sold by said Board are hereby in all respects validated
8 and declared to be general obligations of the State of Texas. In
9 order to prevent default in the payment of principal or interest on
10 any such bonds, the Legislature shall appropriate a sufficient
11 amount to pay the same.

12 In the sale of any such bonds or obligations, a preferential
13 right of purchase shall be given to the administrators of the
14 various Teacher Retirement Funds, the Permanent University Funds,
15 and the Permanent School Funds.

16 Said Veterans' Land Fund shall consist of any lands
17 heretofore or hereafter purchased by said Board, until the sale
18 price therefor, together with any interest and penalties due, have
19 been received by said Board (although nothing herein shall be
20 construed to prevent said Board from accepting full payment for a
21 portion of any tract), and of the moneys attributable to any bonds
22 heretofore or hereafter issued and sold by said Board which moneys
23 so attributable shall include but shall not be limited to the
24 proceeds from the issuance and sale of such bonds; the moneys
25 received from the sale or resale of any lands, or rights therein,
26 purchased with such proceeds; the moneys received from the sale or
27 resale of any lands, or rights therein, purchased with other moneys

1 attributable to such bonds; the interest and penalties received
2 from the sale or resale of such lands, or rights therein; the
3 bonuses, income, rents, royalties, and any other pecuniary benefit
4 received by said Board from any such lands; sums received by way of
5 indemnity or forfeiture for the failure of any bidder for the
6 purchase of any such bonds to comply with his bid and accept and
7 pay for such bonds or for the failure of any bidder for the
8 purchase of any lands comprising a part of said Fund to comply with
9 his bid and accept and pay for any such lands; and interest
10 received from investments of any such moneys. The principal and
11 interest on the bonds heretofore and hereafter issued by said Board
12 shall be paid out of the moneys of said Fund in conformance with
13 the Constitutional provisions authorizing such bonds; but the
14 moneys of said Fund which are not immediately committed to the
15 payment of principal and interest on such bonds, the purchase of
16 lands as herein provided, or the payment of expenses as herein
17 provided may be invested in bonds or obligations of the United
18 States until such funds are needed for such purposes.

19 All moneys comprising a part of said Fund and not expended
20 for the purposes herein provided shall be a part of said Fund until
21 there are sufficient moneys therein to retire fully all of the
22 bonds heretofore or hereafter issued and sold by said Board, at
23 which time all such moneys remaining in said Fund, except such
24 portion thereof as may be necessary to retire all such bonds which
25 portion shall be set aside and retained in said Fund for the
26 purpose of retiring all such bonds, shall be deposited to the
27 credit of the General Revenue Fund to be appropriated to such

1 purposes as may be prescribed by law. All moneys becoming a part
2 of said Fund thereafter shall likewise be deposited to the credit
3 of the General Revenue Fund.

4 When a Division of said Fund (each Division consisting of the
5 moneys attributable to the bonds issued and sold pursuant to a
6 single Constitutional authorization and the lands purchased
7 therewith) contains sufficient moneys to retire all of the bonds
8 secured by such Division, the moneys thereof, except such portion
9 as may be needed to retire all of the bonds secured by such
10 Division which portion shall be set aside and remain a part of such
11 Division for the purpose of retiring all such bonds, may be used
12 for the purpose of paying the principal and the interest thereon,
13 together with the expenses herein authorized, of any other bonds
14 heretofore or hereafter issued and sold by said Board. Such use
15 shall be a matter for the discretion and direction of said Board;
16 but there may be no such use of any such moneys contrary to the
17 rights of any holder of any of the bonds issued and sold by said
18 Board or violative of any contract to which said Board is a party.

19 The Veterans' Land Fund shall be used by said Board for the
20 purpose of purchasing lands situated in the State of Texas owned by
21 the United States or any governmental agency thereof, owned by the
22 Texas Prison System or any other governmental agency of the State
23 of Texas, or owned by any person, firm, or corporation. All lands
24 thus purchased shall be acquired at the lowest price obtainable, to
25 be paid for in cash, and shall be a part of said Fund. Such lands
26 heretofore or hereafter purchased and comprising a part of said
27 Fund are hereby declared to be held for a governmental purpose,

1 although the individual purchasers thereof shall be subject to
2 taxation to the same extent and in the same manner as are
3 purchasers of lands dedicated to the Permanent Free Public School
4 Fund.

5 The lands of the Veterans' Land Fund shall be sold by said
6 Board in such quantities, on such terms, at such prices, at such
7 rates of interest and under such rules and regulations as are now
8 or may hereafter be provided by law to veterans who served not less
9 than ninety (90) continuous days, unless sooner discharged by
10 reason of a service-connected disability, on active duty in the
11 Army, Navy, Air Force, Coast Guard or Marine Corps of the United
12 States after September 16, 1940, and who, upon the date of filing
13 his or her application to purchase any such land is a citizen of
14 the United States, is a bona fide resident of the State of Texas,
15 and has not been dishonorably discharged from any branch of the
16 Armed Forces above-named and who at the time of his or her
17 enlistment, induction, commissioning, or drafting was a bona fide
18 resident of the State of Texas, or who has resided in Texas at
19 least five (5) years prior to the date of filing his or her
20 application, and provided that in the event of the death of an
21 eligible Texas Veteran after the veteran has filed with the Board
22 an application and contract of sale to purchase through the Board
23 the tract selected by him or her and before the purchase has been
24 completed, then the surviving spouse may complete the transaction.
25 The unmarried surviving spouses of veterans who died in the line of
26 duty may also apply to purchase a tract through the Board provided
27 the deceased veterans meet the requirements set out in this Article

1 with the exception that the deceased veterans need not have served
2 ninety (90) continuous days and provided further that the deceased
3 veterans were bona fide residents of the State of Texas at the time
4 of enlistment, induction, commissioning, or drafting. The
5 foregoing notwithstanding, any lands in the Veterans' Land Fund
6 which have been first offered for sale to veterans and which have
7 not been sold may be sold or resold to such purchasers, in such
8 quantities, and on such terms, and at such prices and rates of
9 interest, and under such rules and regulations as are now or may
10 hereafter be provided by law.

11 Said Veterans' Land Fund, to the extent of the moneys
12 attributable to any bonds hereafter issued and sold by said Board
13 may be used by said Board, as is now or may hereafter be provided
14 by law, for the purpose of paying the expenses of surveying,
15 monumenting, road construction, legal fees, recordation fees,
16 advertising and other like costs necessary or incidental to the
17 purchase and sale, or resale, of any lands purchased with any of
18 the moneys attributable to such additional bonds, such expenses to
19 be added to the price of such lands when sold, or resold, by said
20 Board; for the purpose of paying the expenses of issuing, selling,
21 and delivering any such additional bonds; and for the purpose of
22 meeting the expenses of paying the interest or principal due or to
23 become due on any such additional bonds.

24 All of the moneys attributable to any series of bonds
25 hereafter issued and sold by said Board (a "series of bonds" being
26 all of the bonds issued and sold in a single transaction as a
27 single installment of bonds) may be used for the purchase of lands

1 as herein provided, to be sold as herein provided, for a period
2 ending eight (8) years after the date of sale of such series of
3 bonds; provided, however, that so much of such moneys as may be
4 necessary to pay interest on bonds hereafter issued and sold shall
5 be set aside for that purpose in accordance with the resolution
6 adopted by said Board authorizing the issuance and sale of such
7 series of bonds. After such eight (8) year period, all of such
8 moneys shall be set aside for the retirement of any bonds hereafter
9 issued and sold and to pay interest thereon, together with any
10 expenses as provided herein, in accordance with the resolution or
11 resolutions authorizing the issuance and sale of such additional
12 bonds, until there are sufficient moneys to retire all of the bonds
13 hereafter issued and sold, at which time all such moneys then
14 remaining a part of said Veterans' Land Fund and thereafter
15 becoming a part of said Fund shall be governed as elsewhere
16 provided herein.

17 This Amendment being intended only to establish a basic
18 framework and not to be a comprehensive treatment of the Veterans'
19 Land Program, there is hereby reposed in the Legislature full power
20 to implement and effectuate the design and objects of this
21 Amendment, including the power to delegate such duties,
22 responsibilities, functions, and authority to the Veterans' Land
23 Board as it believes necessary.

24 Should the Legislature enact any enabling laws in
25 anticipation of this Amendment, no such law shall be void by reason
26 of its anticipatory nature.

27 ~~[This Amendment shall become effective upon its adoption.]~~

1 SECTION 2. This proposed constitutional amendment shall be
2 submitted to the voters at an election to be held on November 3,
3 1981. The ballot shall be printed to provide for voting for or
4 against the proposition: "The constitutional amendment authorizing
5 the issuance of additional bonds to finance the veterans' land
6 program."

COMMITTEE AMENDMENT NO. 1

Amend H.J.R. 4 by striking Section 2 and substituting new Sections 2 and 3 to read as follows:

SECTION 2. That Article III, Section 65, of the Texas Constitution be amended to read as follows:

Sec. 65. (a) Wherever the Constitution authorizes an agency, instrumentality, or subdivision of the State to issue bonds and specifies the maximum rate of interest which may be paid on such bonds issued pursuant to such constitutional authority, such bonds may bear interest at rates not to exceed a weighted average annual interest rate of 6%. All Constitutional provisions specifically setting rates in conflict with this provision are hereby repealed.

(b) Bonds issued by the Veterans' Land Board after the effective date of this subsection bear interest at a rate or rates determined by the board, but the rate or rates may not exceed a net effective interest rate of 10% per year unless otherwise provided by law. A statute that is in effect on the effective date of this subsection and that sets as a maximum interest rate payable on bonds issued by the Veterans' Land Board a rate different from the maximum rate provided by this subsection is ineffective unless reenacted by the legislature after that date.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 3, 1981. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment authorizing the issuance of additional bonds to finance the veterans' land

H.J.R. No. 4

1 program and to increase the maximum interest rate allowable on
2 veterans' land fund bonds."

3 67S474(2) GWK-F

Delco

COMMITTEE REPORT

The Honorable Bill Clayton
Speaker of the House of Representatives

8-5-81
(date)

Sir:

We, your COMMITTEE ON CONSTITUTIONAL AMENDMENTS, to whom was referred HJR 4, have had the same under consideration and beg to report back with the recommendation that it (measure)

- () do pass, without amendment.
- (X) do pass, with amendment(s).
- () do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. (X) yes () no

An author's fiscal statement was requested. () yes (X) no

An actuarial analysis was requested. () yes (X) no

The Committee recommends that this measure be placed on the ~~Local~~ or ~~General~~ Calendar.

This measure () proposes new law.
() amends existing law.
(X) *proposes a constitutional amendment.*
House Sponsor of Senate Measure _____.

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
McFarland, Ch.	✓			
Whaley, V.C.	✓			
Atkinson				✓
Barrientos	✓			
Delco	✓			
Elizondo				✓
Schoolcraft	✓			
Sharp	✓			
Ware				✓

Total
6 aye
0 nay
0 present, not voting
3 absent

Bob McFarland
CHAIRMAN
Reynolds
COMMITTEE COORDINATOR

Analysis

Background Information

Article III, Section 49, of the Texas Constitution creates a Veterans' Land Board and authorizes it to issue bonds. The proceeds from the sale of such bonds are to be used to purchase land for resale to Texas veterans. At the present time, the Board has the authority to issue full-faith and credit bonds in the amount of \$700 million dollars.

The Veterans' Land Board currently has approximately 10,000 veterans on their waiting list and insufficient funds to make loans to them.

Purpose and Synopsis

The purpose of this resolution is to amend Art. III, Sec. 49-b, of the Texas Constitution to authorize the issuance of additional bonds or obligations of the state for the veterans' land fund. The \$700,000,000 ceiling which currently exists as the maximum amount which the Veterans' Land Board may issue and sell in bonds or obligations is increased to \$950,000,000.

The resolution also provides for submission of the proposed constitutional amendment, in a prescribed ballot form, to the voters at an election to be held November 3, 1981.

Rulemaking Authority

Although the original version of HJR 4 does not delegate any new rulemaking authority, Committee Amendment No. 1 (see discussion below) does empower the Veterans' Land Board to set the interest rates on Veterans' Land Bonds, provided that such rates shall not exceed a net effective interest rate of 10% per annum unless otherwise provided by law.

A reasonable estimate of the cost and economic impact of the proposed rulemaking cannot be made at this time.

Summary of Committee Action

Public notice was posted in accordance with the Rules of Procedure of the House of Representatives, and a public hearing was held on July 9, 1981, for the purpose of hearing testimony with respect to veterans' land program.

Pursuant to an announcement from the floor of the House on August 5, 1981, the Committee on Constitutional Amendments convened in a formal meeting for consideration of HJR 4. There being no objection, the Committee adopted Committee Amendment No. 1 which amends Art. III, Sec. 65, of the Texas Constitution to provide that interest rates on Veterans' Land Bonds shall be determined by the Veterans' Land Board, but that such rates may not exceed a net effective interest rate of 10% per annum unless otherwise provided by law. Committee Amendment No. 1 further provides that a statute that is in effect on the effective date of the proposed amendment and that sets a maximum interest rate payable on Veterans' Land Bonds at a rate different from the maximum rate provided in the proposed amendment shall be ineffective unless reenacted by the legislature after that date. Finally, the amendment modifies the form of the ballot proposition to reflect the provisions of Committee Amendment No. 1 as well as the provisions of the original version. On August 5, 1981, the full committee voted to report HJR 4, as amended, to the House with the recommendation that it do pass by a record vote of six (6) ayes and no (0) nays (3 members absent).

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

July 30, 1981

Honorable Bob McFarland, Chairman
Committee on Constitutional Amendments
House of Representatives
Austin, Texas

67th Legislature
First Called Session

In Re: House Joint Resolution No. 4
By: Hill, Schlueter

Sir:


In response to your request pursuant to House Rules, Section 3.119, this office finds the fiscal implications of House Joint Resolution No. 4 (proposing a constitutional amendment to authorize the issuance of additional bonds or obligations of the State for the Veterans' Land Fund) to be as follows:

The proposed amendment would increase to \$950,000,000 from \$700,000,000 the maximum amount which the Veterans' Land Board may issue and sell in bonds or obligations of the State of Texas for the purpose of creating the Veterans' Land Fund.

No fiscal implication or additional cost to the State or units of local government attributable to the resolution, should it be finally adopted, is anticipated.

The Veterans' Land Board receives on the loans that it makes a rate of interest which is one percentage point higher than it must pay on the bonds it issues. The Veterans' Land Fund also receives interest from investment of available funds. Because of these revenue sources, it is estimated that although the final maturity on outstanding obligations is the year 2016, it is probable that resources will be available by the end of 1992 to provide for payment of all obligations for principal and interest. Meanwhile, all resources are constitutionally committed to the debt service of outstanding bonds.

The Veterans' Land Board presently has \$74,000,000 of authorized but unissued obligations. The Board has been unable to issue these bonds because the present maximum rate of interest is set at six percent, which is below the market even for these highly rated, tax exempt securities.


Thomas H. Keel
Director

Source: General Land Office; LBB Staff: TK, HES, LV

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

August 6, 1981

Honorable Bob McFarland, Chairman
Committee on Constitutional Amendments
House of Representatives
Austin, Texas

67th Legislature
First Called Session

In Re: House Joint Resolution No. 4,
as amended
By: Hill, Schlueter

Sir:

In response to your request pursuant to House Rules, Section 3.119, this office finds the fiscal implications of House Joint Resolution No. 4, as amended (proposing a constitutional amendment to authorize the issuance of additional bonds or obligations of the State for the Veterans' Land Fund and to increase the maximum interest rate allowable on veterans' land fund bonds) to be as follows:


The proposed amendment would increase to \$950,000,000 from \$700,000,000 the maximum amount which the Veterans' Land Board may issue and sell in bonds or obligations of the State of Texas for the purpose of creating the Veterans' Land Fund.

No fiscal implication or additional cost to the State or units of local government attributable to the resolution, should it be finally adopted, is anticipated. The Veterans' Land Board receives on the loans that it makes a rate of interest which is one percentage point higher than it must pay on the bonds it issues. The Veterans' Land Fund also receives interest from investment of available funds. Because of these revenue sources, it is estimated that although the final maturity on outstanding obligations is the year 2016, it is probable that resources will be available by the end of 1992 to provide for payment of all obligations for principal and interest. Meanwhile, all resources are constitutionally committed to the debt service of outstanding bonds.

The proposed amendment, as amended, also would increase the present maximum interest rate of six percent on bonds issued by the Veterans' Land Board to a rate of 10 percent or to any other rate as may be provided by law enacted by the Legislature.

Effective July 1, 1980, the Veterans' Land Board offered \$75,000,000 in principal amount of bonds; the market was willing to take only \$66,000,000 at the maximum rate of six percent. There remains \$74,000,000 of authorized but unissued bonds, but diligent surveillance of bond conditions since the last issue has not revealed a time when the unissued bonds would be marketable.

The bonds are rated triple-A. During the week of June 26, 1981, there were two such highly rated Texas bonds marketed. The City of Houston was able to market its issue at 9 1/2 percent with level payments reaching out 20 years. The Dallas County Hospital District marketed its issue at 10.14 percent, also reaching out 20 years but with maturities weighted toward the far end of the schedule. It is assumed that the same market Veterans' Land Board bonds would have been marketable at about 9 1/4 percent. On its loans to veterans, the Board charges an interest rate which is one percentage point higher than the rate it must pay on its bonds.


Thomas M. Keel
Director

Source: General Land Office; Texas Municipal Advisory Council; LBB Staff: TK, HES, NH

ADOPTED

AUG 9 1981

Betty Murray
Chief Clerk
House of Representatives

HB

COMMITTEE AMENDMENT NO. 1

By: Selco

1 Amend H.J.R. 4 by striking Section 2 and substituting new
2 Sections 2 and 3 to read as follows:

3 SECTION 2. That Article III, Section 65, of the Texas
4 Constitution be amended to read as follows:

5 Sec. 65. (a) Wherever the Constitution authorizes an
6 agency, instrumentality, or subdivision of the State to issue bonds
7 and specifies the maximum rate of interest which may be paid on
8 such bonds issued pursuant to such constitutional authority, such
9 bonds may bear interest at rates not to exceed a weighted average
10 annual interest rate of 6%. All Constitutional provisions
11 specifically setting rates in conflict with this provision are
12 hereby repealed.

13 (b) Bonds issued by the Veterans' Land Board after the
14 effective date of this subsection bear interest at a rate or rates
15 determined by the board, but the rate or rates may not exceed a net
16 effective interest rate of 10% per year unless otherwise provided
17 by law. A statute that is in effect on the effective date of this
18 subsection and that sets as a maximum interest rate payable on
19 bonds issued by the Veterans' Land Board a rate different from the
20 maximum rate provided by this subsection is ineffective unless
21 reenacted by the legislature after that date.

22 SECTION 3. This proposed constitutional amendment shall be
23 submitted to the voters at an election to be held on November 3,
24 1981. The ballot shall be printed to provide for voting for or
25 against the proposition: "The constitutional amendment authorizing

1 the issuance of additional bonds to finance the veterans' land
2 program and to increase the maximum interest rate allowable on
3 veterans' land fund bonds."

HOUSE ENGROSSMENT

SPECIAL PRINTING

By Hill of Travis, et al.

H.J.R. No. 4

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the issuance of
2 additional bonds or obligations of the state for the veterans' land
3 fund.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article III, Section 49-b, of the Texas
6 Constitution be amended to read as follows:

7 Sec. 49-b. By virtue of prior Amendments to this
8 Constitution, there has been created a governmental agency of the
9 State of Texas performing governmental duties which has been
10 designated the Veterans' Land Board. Said Board shall continue to
11 function for the purposes specified in all of the prior
12 Constitutional Amendments except as modified herein. Said Board
13 shall be composed of the Commissioner of the General Land Office
14 and two (2) citizens of the State of Texas, one (1) of whom shall
15 be well versed in veterans' affairs and one (1) of whom shall be
16 well versed in finances. One (1) such citizen member shall, with
17 the advice and consent of the Senate, be appointed biennially by
18 the Governor to serve for a term of four (4) years; but the members
19 serving on said Board on the date of adoption hereof shall complete
20 the terms to which they were appointed. In the event of the
21 resignation or death of any such citizen member, the Governor shall
22 appoint a replacement to serve for the unexpired portion of the
23 term to which the deceased or resigning member had been appointed.
24 The compensation for said citizen members shall be as is now or may

hereafter be fixed by the Legislature; and each shall make bond in such amount as is now or may hereafter be prescribed by the Legislature.

The Commissioner of the General Land Office shall act as Chairman of said Board and shall be the administrator of the Veterans' Land Program under such terms and restrictions as are now or may hereafter be provided by law. In the absence or illness of said Commissioner, the Chief Clerk of the General Land Office shall be the Acting Chairman of said Board with the same duties and powers that said Commissioner would have if present.

The Veterans' Land Board may provide for, issue and sell not to exceed Nine Hundred and Fifty Million Dollars (\$950,000,000) [~~Seven---Hundred---Millien---Dollars--(\$700,000,000)~~] in bonds or obligations of the State of Texas for the purpose of creating a fund to be known as the Veterans' Land Fund, Seven Hundred Million Dollars (\$700,000,000) [~~Five----Hundred----Millien----Dollars (\$500,000,000)~~] of which have heretofore been authorized. Such bonds or obligations shall be sold for not less than par value and accrued interest; shall be issued in such forms, denominations, and upon such terms as are now or may hereafter be provided by law; shall be issued and sold at such times, at such places, and in such installments as may be determined by said Board; and shall bear a rate or rates of interest as may be fixed by said Board but the weighted average annual interest rate, as that phrase is commonly and ordinarily used and understood in the municipal bond market, of all the bonds issued and sold in any installment of any bonds may not exceed the rate specified in Section 65 of this Article. All

bonds or obligations issued and sold hereunder shall, after execution by the Board, approval by the Attorney General of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and delivery to the purchaser or purchasers, be incontestable and shall constitute general obligations of the State of Texas under the Constitution of Texas; and all bonds heretofore issued and sold by said Board are hereby in all respects validated and declared to be general obligations of the State of Texas. In order to prevent default in the payment of principal or interest on any such bonds, the Legislature shall appropriate a sufficient amount to pay the same.

In the sale of any such bonds or obligations, a preferential right of purchase shall be given to the administrators of the various Teacher Retirement Funds, the Permanent University Funds, and the Permanent School Funds.

Said Veterans' Land Fund shall consist of any lands heretofore or hereafter purchased by said Board, until the sale price therefor, together with any interest and penalties due, have been received by said Board (although nothing herein shall be construed to prevent said Board from accepting full payment for a portion of any tract), and of the moneys attributable to any bonds heretofore or hereafter issued and sold by said Board which moneys so attributable shall include but shall not be limited to the proceeds from the issuance and sale of such bonds; the moneys received from the sale or resale of any lands, or rights therein, purchased with such proceeds; the moneys received from the sale or resale of any lands, or rights therein, purchased with other moneys

1 attributable to such bonds; the interest and penalties received
2 from the sale or resale of such lands, or rights therein; the
3 bonuses, income, rents, royalties, and any other pecuniary benefit
4 received by said Board from any such lands; sums received by way of
5 indemnity or forfeiture for the failure of any bidder for the
6 purchase of any such bonds to comply with his bid and accept and
7 pay for such bonds or for the failure of any bidder for the
8 purchase of any lands comprising a part of said Fund to comply with
9 his bid and accept and pay for any such lands; and interest
10 received from investments of any such moneys. The principal and
11 interest on the bonds heretofore and hereafter issued by said Board
12 shall be paid out of the moneys of said Fund in conformance with
13 the Constitutional provisions authorizing such bonds; but the
14 moneys of said Fund which are not immediately committed to the
15 payment of principal and interest on such bonds, the purchase of
16 lands as herein provided, or the payment of expenses as herein
17 provided may be invested in bonds or obligations of the United
18 States until such funds are needed for such purposes.

19 All moneys comprising a part of said Fund and not expended
20 for the purposes herein provided shall be a part of said Fund until
21 there are sufficient moneys therein to retire fully all of the
22 bonds heretofore or hereafter issued and sold by said Board, at
23 which time all such moneys remaining in said Fund, except such
24 portion thereof as may be necessary to retire all such bonds which
25 portion shall be set aside and retained in said Fund for the
26 purpose of retiring all such bonds, shall be deposited to the
27 credit of the General Revenue Fund to be appropriated to such

1 purposes as may be prescribed by law. All moneys becoming a part
2 of said Fund thereafter shall likewise be deposited to the credit
3 of the General Revenue Fund.

4 *C* When a Division of said Fund (each Division consisting of the
5 moneys attributable to the bonds issued and sold pursuant to a
6 single Constitutional authorization and the lands purchased
7 therewith) contains sufficient moneys to retire all of the bonds
8 secured by such Division, the moneys thereof, except such portion
9 as may be needed to retire all of the bonds secured by such
10 Division which portion shall be set aside and remain a part of such
11 Division for the purpose of retiring all such bonds, may be used
12 for the purpose of paying the principal and the interest thereon,
13 together with the expenses herein authorized, of any other bonds
14 heretofore or hereafter issued and sold by said Board. Such use
15 shall be a matter for the discretion and direction of said Board;
16 but there may be no such use of any such moneys contrary to the
17 rights of any holder of any of the bonds issued and sold by said
18 Board or violative of any contract to which said Board is a party.

19 The Veterans' Land Fund shall be used by said Board for the
20 purpose of purchasing lands situated in the State of Texas owned by
21 the United States or any governmental agency thereof, owned by the
22 Texas Prison System or any other governmental agency of the State
23 of Texas, or owned by any person, firm, or corporation. All lands
24 thus purchased shall be acquired at the lowest price obtainable, to
25 be paid for in cash, and shall be a part of said Fund. Such lands
26 heretofore or hereafter purchased and comprising a part of said
27 Fund are hereby declared to be held for a governmental purpose,

1 although the individual purchasers thereof shall be subject to
2 taxation to the same extent and in the same manner as are
3 purchasers of lands dedicated to the Permanent Free Public School
4 Fund.

5 The lands of the Veterans' Land Fund shall be sold by said
6 Board in such quantities, on such terms, at such prices, at such
7 rates of interest and under such rules and regulations as are now
8 or may hereafter be provided by law to veterans who served not less
9 than ninety (90) continuous days, unless sooner discharged by
10 reason of a service-connected disability, on active duty in the
11 Army, Navy, Air Force, Coast Guard or Marine Corps of the United
12 States after September 16, 1940, and who, upon the date of filing
13 his or her application to purchase any such land is a citizen of
14 the United States, is a bona fide resident of the State of Texas,
15 and has not been dishonorably discharged from any branch of the
16 Armed Forces above-named and who at the time of his or her
17 enlistment, induction, commissioning, or drafting was a bona fide
18 resident of the State of Texas, or who has resided in Texas at
19 least five (5) years prior to the date of filing his or her
20 application, and provided that in the event of the death of an
21 eligible Texas Veteran after the veteran has filed with the Board
22 an application and contract of sale to purchase through the Board
23 the tract selected by him or her and before the purchase has been
24 completed, then the surviving spouse may complete the transaction.
25 The unmarried surviving spouses of veterans who died in the line of
26 duty may also apply to purchase a tract through the Board provided
27 the deceased veterans meet the requirements set out in this Article

1 with the exception that the deceased veterans need not have served
2 ninety (90) continuous days and provided further that the deceased
3 veterans were bona fide residents of the State of Texas at the time
4 of enlistment, induction, commissioning, or drafting. The
5 foregoing notwithstanding, any lands in the Veterans' Land Fund
6 which have been first offered for sale to veterans and which have
7 not been sold may be sold or resold to such purchasers, in such
8 quantities, and on such terms, and at such prices and rates of
9 interest, and under such rules and regulations as are now or may
10 hereafter be provided by law.

11 Said Veterans' Land Fund, to the extent of the moneys
12 attributable to any bonds hereafter issued and sold by said Board
13 may be used by said Board, as is now or may hereafter be provided
14 by law, for the purpose of paying the expenses of surveying,
15 monumenting, road construction, legal fees, recordation fees,
16 advertising and other like costs necessary or incidental to the
17 purchase and sale, or resale, of any lands purchased with any of
18 the moneys attributable to such additional bonds, such expenses to
19 be added to the price of such lands when sold, or resold, by said
20 Board; for the purpose of paying the expenses of issuing, selling,
21 and delivering any such additional bonds; and for the purpose of
22 meeting the expenses of paying the interest or principal due or to
23 become due on any such additional bonds.

24 All of the moneys attributable to any series of bonds
25 hereafter issued and sold by said Board (a "series of bonds" being
26 all of the bonds issued and sold in a single transaction as a
27 single installment of bonds) may be used for the purchase of lands

1 as herein provided, to be sold as herein provided, for a period
2 ending eight (8) years after the date of sale of such series of
3 bonds; provided, however, that so much of such moneys as may be
4 necessary to pay interest on bonds hereafter issued and sold shall
5 be set aside for that purpose in accordance with the resolution
6 adopted by said Board authorizing the issuance and sale of such
7 series of bonds. After such eight (8) year period, all of such
8 moneys shall be set aside for the retirement of any bonds hereafter
9 issued and sold and to pay interest thereon, together with any
10 expenses as provided herein, in accordance with the resolution or
11 resolutions authorizing the issuance and sale of such additional
12 bonds, until there are sufficient moneys to retire all of the bonds
13 hereafter issued and sold, at which time all such moneys then
14 remaining a part of said Veterans' Land Fund and thereafter
15 becoming a part of said Fund shall be governed as elsewhere
16 provided herein.

17 This Amendment being intended only to establish a basic
18 framework and not to be a comprehensive treatment of the Veterans'
19 Land Program, there is hereby reposed in the Legislature full power
20 to implement and effectuate the design and objects of this
21 Amendment, including the power to delegate such duties,
22 responsibilities, functions, and authority to the Veterans' Land
23 Board as it believes necessary.

24 Should the Legislature enact any enabling laws in
25 anticipation of this Amendment, no such law shall be void by reason
26 of its anticipatory nature.

27 [~~This Amendment shall become effective upon its adoption.~~]

1 SECTION 2. That Article III, Section 65, of the Texas
2 Constitution be amended to read as follows:

3 Sec. 65. (a) Wherever the Constitution authorizes an
4 agency, instrumentality, or subdivision of the State to issue bonds
5 and specifies the maximum rate of interest which may be paid on
6 such bonds issued pursuant to such constitutional authority, such
7 bonds may bear interest at rates not to exceed a weighted average
8 annual interest rate of 6%. All Constitutional provisions
9 specifically setting rates in conflict with this provision are
10 hereby repealed.

11 (b) Bonds issued by the Veterans' Land Board after the
12 effective date of this subsection bear interest at a rate or rates
13 determined by the board, but the rate or rates may not exceed a net
14 effective interest rate of 10% per year unless otherwise provided
15 by law. A statute that is in effect on the effective date of this
16 subsection and that sets as a maximum interest rate payable on
17 bonds issued by the Veterans' Land Board a rate different from the
18 maximum rate provided by this subsection is ineffective unless
19 reenacted by the legislature after that date.

20 SECTION 3. This proposed constitutional amendment shall be
21 submitted to the voters at an election to be held on November 3,
22 1981. The ballot shall be printed to provide for voting for or
23 against the proposition: "The constitutional amendment authorizing
24 the issuance of additional bonds to finance the veterans' land
25 program and to increase the maximum interest rate allowable on
26 veterans' land fund bonds."

COMMITTEE REPORT FORM

Austin, Texas

8-9-81

Date of report to Senate

Honorable William P. Hobby
President of the Senate

Williams

Sir:

We, your Committee on State Affairs to which was referred
HJR B. No. 4 have had the same under consideration, and I am instructed to report it back to the Senate
with the recommendation that it do pass and be printed.

James
Chairman

F
ENROLLED

H.J.R. No. 4

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the issuance of
2 additional bonds or obligations of the state for the veterans' land
3 fund.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. That Article III, Section 49-b, of the Texas
6 Constitution be amended to read as follows:

7 Sec. 49-b. By virtue of prior Amendments to this
8 Constitution, there has been created a governmental agency of the
9 State of Texas performing governmental duties which has been
10 designated the Veterans' Land Board. Said Board shall continue to
11 function for the purposes specified in all of the prior
12 Constitutional Amendments except as modified herein. Said Board
13 shall be composed of the Commissioner of the General Land Office
14 and two (2) citizens of the State of Texas, one (1) of whom shall
15 be well versed in veterans' affairs and one (1) of whom shall be
16 well versed in finances. One (1) such citizen member shall, with
17 the advice and consent of the Senate, be appointed biennially by
18 the Governor to serve for a term of four (4) years; but the members
19 serving on said Board on the date of adoption hereof shall complete
20 the terms to which they were appointed. In the event of the
21 resignation or death of any such citizen member, the Governor shall
22 appoint a replacement to serve for the unexpired portion of the
23 term to which the deceased or resigning member had been appointed.
24 The compensation for said citizen members shall be as is now or may

hereafter be fixed by the Legislature; and each shall make bond in such amount as is now or may hereafter be prescribed by the Legislature.

The Commissioner of the General Land Office shall act as Chairman of said Board and shall be the administrator of the Veterans' Land Program under such terms and restrictions as are now or may hereafter be provided by law. In the absence or illness of said Commissioner, the Chief Clerk of the General Land Office shall be the Acting Chairman of said Board with the same duties and powers that said Commissioner would have if present.

The Veterans' Land Board may provide for, issue and sell not to exceed Nine Hundred and Fifty Million Dollars (\$950,000,000) [~~Seven---Hundred---Millien--Dollars--(\$700,000,000)~~] in bonds or obligations of the State of Texas for the purpose of creating a fund to be known as the Veterans' Land Fund, Seven Hundred Million Dollars (\$700,000,000) [~~Five----Hundred----Millien----Dollars (\$500,000,000)~~] of which have heretofore been authorized. Such bonds or obligations shall be sold for not less than par value and accrued interest; shall be issued in such forms, denominations, and upon such terms as are now or may hereafter be provided by law; shall be issued and sold at such times, at such places, and in such installments as may be determined by said Board; and shall bear a rate or rates of interest as may be fixed by said Board but the weighted average annual interest rate, as that phrase is commonly and ordinarily used and understood in the municipal bond market, of all the bonds issued and sold in any installment of any bonds may not exceed the rate specified in Section 65 of this Article. All

bonds or obligations issued and sold hereunder shall, after execution by the Board, approval by the Attorney General of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and delivery to the purchaser or purchasers, be incontestable and shall constitute general obligations of the State of Texas under the Constitution of Texas; and all bonds heretofore issued and sold by said Board are hereby in all respects validated and declared to be general obligations of the State of Texas. In order to prevent default in the payment of principal or interest on any such bonds, the Legislature shall appropriate a sufficient amount to pay the same.

In the sale of any such bonds or obligations, a preferential right of purchase shall be given to the administrators of the various Teacher Retirement Funds, the Permanent University Funds, and the Permanent School Funds.

Said Veterans' Land Fund shall consist of any lands heretofore or hereafter purchased by said Board, until the sale price therefor, together with any interest and penalties due, have been received by said Board (although nothing herein shall be construed to prevent said Board from accepting full payment for a portion of any tract), and of the moneys attributable to any bonds heretofore or hereafter issued and sold by said Board which moneys so attributable shall include but shall not be limited to the proceeds from the issuance and sale of such bonds; the moneys received from the sale or resale of any lands, or rights therein, purchased with such proceeds; the moneys received from the sale or resale of any lands, or rights therein, purchased with other moneys

1 attributable to such bonds; the interest and penalties received
2 from the sale or resale of such lands, or rights therein; the
3 bonuses, income, rents, royalties, and any other pecuniary benefit
4 received by said Board from any such lands; sums received by way of
5 indemnity or forfeiture for the failure of any bidder for the
6 purchase of any such bonds to comply with his bid and accept and
7 pay for such bonds or for the failure of any bidder for the
8 purchase of any lands comprising a part of said Fund to comply with
9 his bid and accept and pay for any such lands; and interest
10 received from investments of any such moneys. The principal and
11 interest on the bonds heretofore and hereafter issued by said Board
12 shall be paid out of the moneys of said Fund in conformance with
13 the Constitutional provisions authorizing such bonds; but the
14 moneys of said Fund which are not immediately committed to the
15 payment of principal and interest on such bonds, the purchase of
16 lands as herein provided, or the payment of expenses as herein
17 provided may be invested in bonds or obligations of the United
18 States until such funds are needed for such purposes.

19 All moneys comprising a part of said Fund and not expended
20 for the purposes herein provided shall be a part of said Fund until
21 there are sufficient moneys therein to retire fully all of the
22 bonds heretofore or hereafter issued and sold by said Board, at
23 which time all such moneys remaining in said Fund, except such
24 portion thereof as may be necessary to retire all such bonds which
25 portion shall be set aside and retained in said Fund for the
26 purpose of retiring all such bonds, shall be deposited to the
27 credit of the General Revenue Fund to be appropriated to such

1 purposes as may be prescribed by law. All moneys becoming a part
2 of said Fund thereafter shall likewise be deposited to the credit
3 of the General Revenue Fund.

4 When a Division of said Fund (each Division consisting of the
5 moneys attributable to the bonds issued and sold pursuant to a
6 single Constitutional authorization and the lands purchased
7 therewith) contains sufficient moneys to retire all of the bonds
8 secured by such Division, the moneys thereof, except such portion
9 as may be needed to retire all of the bonds secured by such
10 Division which portion shall be set aside and remain a part of such
11 Division for the purpose of retiring all such bonds, may be used
12 for the purpose of paying the principal and the interest thereon,
13 together with the expenses herein authorized, of any other bonds
14 heretofore or hereafter issued and sold by said Board. Such use
15 shall be a matter for the discretion and direction of said Board;
16 but there may be no such use of any such moneys contrary to the
17 rights of any holder of any of the bonds issued and sold by said
18 Board or violative of any contract to which said Board is a party.

19 The Veterans' Land Fund shall be used by said Board for the
20 purpose of purchasing lands situated in the State of Texas owned by
21 the United States or any governmental agency thereof, owned by the
22 Texas Prison System or any other governmental agency of the State
23 of Texas, or owned by any person, firm, or corporation. All lands
24 thus purchased shall be acquired at the lowest price obtainable, to
25 be paid for in cash, and shall be a part of said Fund. Such lands
26 heretofore or hereafter purchased and comprising a part of said
27 Fund are hereby declared to be held for a governmental purpose,

1 although the individual purchasers thereof shall be subject to
2 taxation to the same extent and in the same manner as are
3 purchasers of lands dedicated to the Permanent Free Public School
4 Fund.

5 The lands of the Veterans' Land Fund shall be sold by said
6 Board in such quantities, on such terms, at such prices, at such
7 rates of interest and under such rules and regulations as are now
8 or may hereafter be provided by law to veterans who served not less
9 than ninety (90) continuous days, unless sooner discharged by
10 reason of a service-connected disability, on active duty in the
11 Army, Navy, Air Force, Coast Guard or Marine Corps of the United
12 States after September 16, 1940, and who, upon the date of filing
13 his or her application to purchase any such land is a citizen of
14 the United States, is a bona fide resident of the State of Texas,
15 and has not been dishonorably discharged from any branch of the
16 Armed Forces above-named and who at the time of his or her
17 enlistment, induction, commissioning, or drafting was a bona fide
18 resident of the State of Texas, or who has resided in Texas at
19 least five (5) years prior to the date of filing his or her
20 application, and provided that in the event of the death of an
21 eligible Texas Veteran after the veteran has filed with the Board
22 an application and contract of sale to purchase through the Board
23 the tract selected by him or her and before the purchase has been
24 completed, then the surviving spouse may complete the transaction.
25 The unmarried surviving spouses of veterans who died in the line of
26 duty may also apply to purchase a tract through the Board provided
27 the deceased veterans meet the requirements set out in this Article

1 with the exception that the deceased veterans need not have served
2 ninety (90) continuous days and provided further that the deceased
3 veterans were bona fide residents of the State of Texas at the time
4 of enlistment, induction, commissioning, or drafting. The
5 foregoing notwithstanding, any lands in the Veterans' Land Fund
6 which have been first offered for sale to veterans and which have
7 not been sold may be sold or resold to such purchasers, in such
8 quantities, and on such terms, and at such prices and rates of
9 interest, and under such rules and regulations as are now or may
10 hereafter be provided by law.

11 Said Veterans' Land Fund, to the extent of the moneys
12 attributable to any bonds hereafter issued and sold by said Board
13 may be used by said Board, as is now or may hereafter be provided
14 by law, for the purpose of paying the expenses of surveying,
15 monumenting, road construction, legal fees, recordation fees,
16 advertising and other like costs necessary or incidental to the
17 purchase and sale, or resale, of any lands purchased with any of
18 the moneys attributable to such additional bonds, such expenses to
19 be added to the price of such lands when sold, or resold, by said
20 Board; for the purpose of paying the expenses of issuing, selling,
21 and delivering any such additional bonds; and for the purpose of
22 meeting the expenses of paying the interest or principal due or to
23 become due on any such additional bonds.

24 All of the moneys attributable to any series of bonds
25 hereafter issued and sold by said Board (a "series of bonds" being
26 all of the bonds issued and sold in a single transaction as a
27 single installment of bonds) may be used for the purchase of lands

1 as herein provided, to be sold as herein provided, for a period
2 ending eight (8) years after the date of sale of such series of
3 bonds; provided, however, that so much of such moneys as may be
4 necessary to pay interest on bonds hereafter issued and sold shall
5 be set aside for that purpose in accordance with the resolution
6 adopted by said Board authorizing the issuance and sale of such
7 series of bonds. After such eight (8) year period, all of such
8 moneys shall be set aside for the retirement of any bonds hereafter
9 issued and sold and to pay interest thereon, together with any
10 expenses as provided herein, in accordance with the resolution or
11 resolutions authorizing the issuance and sale of such additional
12 bonds, until there are sufficient moneys to retire all of the bonds
13 hereafter issued and sold, at which time all such moneys then
14 remaining a part of said Veterans' Land Fund and thereafter
15 becoming a part of said Fund shall be governed as elsewhere
16 provided herein.

17 This Amendment being intended only to establish a basic
18 framework and not to be a comprehensive treatment of the Veterans'
19 Land Program, there is hereby reposed in the Legislature full power
20 to implement and effectuate the design and objects of this
21 Amendment, including the power to delegate such duties,
22 responsibilities, functions, and authority to the Veterans' Land
23 Board as it believes necessary.

24 Should the Legislature enact any enabling laws in
25 anticipation of this Amendment, no such law shall be void by reason
26 of its anticipatory nature.

27 [~~This Amendment shall become effective upon its adoption.~~]

1 SECTION 2. That Article III, Section 65, of the Texas
2 Constitution be amended to read as follows:

3 Sec. 65. (a) Wherever the Constitution authorizes an
4 agency, instrumentality, or subdivision of the State to issue bonds
5 and specifies the maximum rate of interest which may be paid on
6 such bonds issued pursuant to such constitutional authority, such
7 bonds may bear interest at rates not to exceed a weighted average
8 annual interest rate of 6%. All Constitutional provisions
9 specifically setting rates in conflict with this provision are
10 hereby repealed.

11 (b) Bonds issued by the Veterans' Land Board after the
12 effective date of this subsection bear interest at a rate or rates
13 determined by the board, but the rate or rates may not exceed a net
14 effective interest rate of 10% per year unless otherwise provided
15 by law. A statute that is in effect on the effective date of this
16 subsection and that sets as a maximum interest rate payable on
17 bonds issued by the Veterans' Land Board a rate different from the
18 maximum rate provided by this subsection is ineffective unless
19 reenacted by the legislature after that date.

20 SECTION 3. This proposed constitutional amendment shall be
21 submitted to the voters at an election to be held on November 3,
22 1981. The ballot shall be printed to provide for voting for or
23 against the proposition: "The constitutional amendment authorizing
24 the issuance of additional bonds to finance the veterans' land
25 program and to increase the maximum interest rate allowable on
26 veterans' land fund bonds."

H.J.R. No. 4

President of the Senate

Speaker of the House

I certify that H.J.R. No. 4 was passed by the House on August 9, 1981, by the following vote: Yeas 100, Nays 0.

Chief Clerk of the House

I certify that H.J.R. No. 4 was passed by the Senate on August 10, 1981, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED:

Date

Governor

RECEIVED:

Date

Secretary of State

H. J. R. No.

4

By

G. Hill - Substitute

HOUSE JOINT RESOLUTION

proposing a constitutional amendment to authorize the issuance of additional bonds or obligations of the state for the veterans' land fund.

JUN 30 1981

1. Filed with the Chief Clerk.

JUL 13 1981

2. Read first time and referred to Committee on

Constitutional Amendments

AUG 5 1981

3. Reported favorably (as amended) and sent to Printer at

*4:10 p.m.
8-6-81*

AUG 7 1981

4. Printed and distributed at

10:02 am

AUG 7 1981

5. Sent to Committee on Calendars at

10:07 am

AUG 9 1981

6. Read second time (amended) and (finally) passed to Third Reading by a Record Vote of 100 yeas, 0 nays, 0 present, not voting.

7. Motion to reconsider and table the vote by which H.J.R. _____ was ordered engrossed prevailed (failed) by (Non-Record Vote) (Record Vote of _____ yeas, _____ nays, _____ present, not voting).

8. Read third time (amended) and finally adopted (failed of adoption) by a Record Vote of _____ yeas, _____ nays, _____ present, not voting.

9. Caption ordered amended to conform to body of resolution.

10. Motion to reconsider and table the vote by which H.J.R. _____ was finally adopted prevailed (failed) by a (Non-Record Vote) Record Vote of _____ yeas, _____ nays, and _____ present, not voting).

AUG 9 1981

11. Ordered Engrossed at

6:00 am

AUG 9 1981

12. Engrossed.

AUG 9 1981

13. Returned to Chief Clerk at

1:45 pm

AUG 9 1981

14. Sent to the Senate.

Betty Murray

Chief Clerk of the House

AUG 9 1981

15. Received from the House

AUG 9 1981

16. Read, referred to Committee on STATE AFFAIRS

AUG 9 1981

17. Reported favorably

18. Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

19. Ordered not printed.

AUG 10 1981

20. Regular order of business suspended by

unan. consent
(a viva voce vote.)
(_____ yeas, _____ nays.)

21. To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of _____ yeas, _____ nays.

AUG 11 1981

22. Read second time

passed to third reading by:
(a viva voce vote.)
(_____ yeas, _____ nays.)

_____ 23. Caption ordered amended to conform to body of bill.

AUG 10 1981

24. Senate and Constitutional 3-Day Rules suspended by vote of 31 yeas,
0 nays to place bill on third reading and final passage.

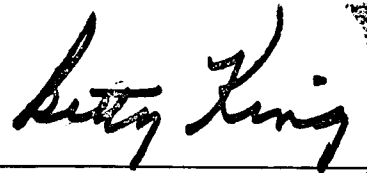
AUG 10 1981

25. Read third time and passed by

~~(a viva voce vote.)~~
(31 yeas, 0 nays.)

OTHER ACTION:

OTHER ACTION:



Secretary of the Senate

August 10, 1981

AUG 10 1981

26. Returned to the House.

27. Received from the Senate ~~(with amendments.)~~
(~~as substituted.~~)

28. House (Concurred) (Refused to Concur) in Senate (Amendments) by a (Non-Record
(Substitute) Vote) (Record Vote of _____ yeas, _____ nays, _____ present,
not voting).

29. Conference Committee Ordered.

30. Conference Committee Report Adopted (Rejected) by a (Non-Record Vote) (Record
Vote of _____ yeas, _____ nays, and _____ present, not voting).

AUG 10 1981

31. Ordered Enrolled at 10:54 am

1981 AUG -9 PM 1:45

1981 AUG -7 AM 10:02

HOUSE OF REPRESENTATIVES